

## Message Text

UNCLASSIFIED

PAGE 01 MANILA 04216 01 OF 02 120558Z

13

ACTION AGR-20

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 DRC-01 PA-04 PRS-01 USIA-15 TAR-02

/174 W

----- 053994

R 120453Z APR 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2640

INFO AMEMBASSY TAIPEI

AMEMBASSY SEOUL

UNCLAS SECTION 1 OF 2 MANILA 4216/1

E.O. 11652: N/A

TAGS: EAGR, RP, OVIP (BUTZ, EARL L.)

SUBJ: SECRETARY BUTZ VISIT TO PHILIPPINES

SUMMARY: SECRETARY BUTZ' CROWDED SCHEDULE IN PHILIPPINES INCLUDED SUCESSFUL CONTACTS WITH HIGH GOP OFFICIALS, MAJOR PRIVATE GROUPS CONCERNED WITH US-PHILIPPINE AGRICULTURE TRADE, AND OFFICIALS AT LOS BANOS AGRICULTURAL RESEARCH AND EDUCATION COMPLEX. UNUSUAL OPPORTUNITY PRESENTED BY BATAAN DAY CEREMONIES TO HAVE OVER TWO-HOUR CONVERSATION WITH PRESIDENT MARCOS. SUBSTANTIVE DISCUSSIONS EMPHASIZED US INTEREST IN SOUTHEAST ASIA EXPORT MARKET. SECRETARY ALSO STATED PHILIPPINE RELIABLE PERFORMANCE IN MEETING US SUGAR QUOTA RATHER THAN ATTEMPT SEL AT HIGHER PRICES TO WORLD MARKET WAS APPRECIATED AND WOULD BE REMEMBERED. PRESS AND OTHER MEDIA GAVE GOOD COVERAGE TO SECRETARY'S STATEMENTS AND ACTIVITIES.

END SUMMARY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MANILA 04216 01 OF 02 120558Z

1. SECRETARY BUTZ AND PARTY LEFT MANILA APRIL 11 AFTER

A CROWDED SCHEDULE BEGINNING WITH AMBASSADOR'S RECEPTION EVENING APRIL 8 IMMEDIATELY FOLLOWING ARRIVAL. FUNCTIONS AND MEETINGS WERE GENERALLY WELL ATTENDED DESPITE HOLY WEEK HOLIDAY PERIOD. GOP SECRETARY TANCO MADE MANY OF THE ARRANGEMENTS IN COOPERATION WITH EMBASSY, WAS HOST AT A LARGE BARRIO FIESTA PARTY APRIL 9 IN SECRETARY BUTZ' HONOR, AND ACCOMPANIED HIM TO ALL MAJOR MEETINGS AND TRIPS OUT OF MANILA.

2. PRESIDENT MARCOS INVITED SECRETARY AND MRS. BUTZ AND AMBASSADOR AND MRS. SULLIVAN ON YACHT TRIP FROM MANILA TO BATAAN AND RETURN ON BATAAN DAY (APRIL 9) AFFORDING OPPORTUNITY TO BECOME WELL ACQUAINTED AND FOR AN EXCHANGE OF VIEWS DURING CONVERSATION OF OVER TWO HOURS. THEREAFTER, SEC. BUTZ COMMENTED SEVERAL TIMES IN BOTH PUBLIC AND PRIVATE MEETINGS THAT HE WAS HIGHLY IMPRESSED BY PRES. MARCOS' DEEP AND DETAILED KNOWLEDGE OF AGRICULTURE BOTH IN THE PHILIPPINES AND THE WORLD. SEC AND MRS. BUTZ WERE GUESTS OF HONOR IN THE BATAAN DAY CEREMONIES ON MT. SAMAT AT WHICH AMBASSADOR SULLIVAN AND PRESIDENT MARCOS GAVE ADDRESSES. MRS. BUTZ WAS ASKED TO CUT A CEREMONIAL RIBBON OPENING A NEW GUEST HOUSE AT MT. SAMAT.

3. IN MEETINGS WITH FLOUR AND FEED MILLERS, GRAIN MERCHANTS AND COTTON MILLERS, AND ELSEWHERE, SEC. BUTZ NOTED THAT THE US EXPECTED TO HAVE SUBSTANTIALLY LARGER WHEAT, CORN AND COTTON CROPS THIS YEAR AND ANOTHER LARGE SOYBEAN CROP THOUGH PERHAPS NOT AS LARGE AS LAST YEAR. ACREAGE CONTROLS WERE OFF ON AMERICAN AGRICULTURE EXCEPT IN CERTAIN SPECIAL INSTANCES. A VERY LARGE PROPORTION OF US AGRICULTURAL OUTPUT WAS EXPORTED, AND THE US WAS ANXIOUS TO MAINTAIN AND EXPAND ITS EXPORT MARKETS AS A RELIABLE SUPPLIER. THE FAR EAST HAD NOW SUPERSEDED EUROPE AS THE MOST IMPORTANT MARKET FOR US AGRICULTURE.

4. GIL PUYAT, JUNIOR, SPOKESMAN FOR THE FLOUR MILLERS, TOLD SEC. BUTZ THAT WHEAT CONSUMPTION WAS EXPECTED TO EXPAND IN THE PHILIPPINES BUT THAT CONSUMPTION AND PURCHASES DEPENDED CONSIDERABLY ON PRICE. SEC. BUTZ  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MANILA 04216 01 OF 02 120558Z

NOTED THAT PRICES FOR US AGRICULTURAL COMMODITIES WERE NOW DOWN VERY CONSIDERABLY FROM PREVIOUS HIGHS. RAYMUNDO LORENZANA, PRESIDENT OF THE TEXTILE MILLS ASSOCIATION, SAID THAT COTTON CONSUMPTION NOW WAS RUNNING AT A RATE OF ABOUT 200,000 BALES PER YEAR AND WAS EXPANDING AT A RATE OF ABOUT 10 PER CENT ANNUALLY. THERE WAS DISCUSSION OF DIFFICULTIES OF GETTING BOTTOMS TO BRING U.S. COTTON TO THE PHILIPPINES. BUYERS IN THE

PHILIPPINES HAD AGREED TO FOREGO CONFERENCE RATES AND NOW WERE GETTING SHIPPING BUT WERE HAVING TO PAY CONSIDERABLY MORE. BOTH WHEAT AND COTTON INTERESTS SAID THEY WERE CURRENTLY GETTING ALLOCATIONS OF FOREIGN EXCHANGE WITH NO DIFFICULTY.

5. IN A LUNCH MEETING WITH THE SUGAR CLUB AT CANLUBANG, SEC. BUTZ SAID THAT THE FACT THAT PHILIPPINES HAD FILLED ITS SUGAR QUOTA IN US - EVEN WHEN MUCH BETTER PRICES COULD HAVE BEEN REALIZED ON THE WORLD MARKET - WAS NOTED, APPRECIATED AND WOULD BE REMEMBERED. SEC. BUTZ SAID HIS PERSONAL PREFERENCE WAS TO FREE THE SUGAR ECONOMY FROM THE PRESENT QUOTA SYSTEM, A STEP THAT HE THOUGHT IN THE LONG RUN WOULD BENEFIT THE PHILIPPINES AS AN EFFICIENT PRODUCER. IN THIS CONNECTION HE THOUGHT BEET SUGAR PRODUCTION IN THE UNITED STATES WOULD DECLINE BECAUSE OF COMPETITION FROM OTHER CROPS. HE SAID, HOWEVER, HE WOULD FAVOR A SUGAR ACT EXTENSION FOR THREE YEARS BUT THOUGHT CONGRESS WHICH, HE EMPHASIZED, MADE THE DECISIONS ON SUGAR, WOULD EXTEND FOR FOUR OR FIVE YEARS. HE NOTED THAT CONGRESS WANTED TO CONTINUE WITH SUGAR ACT LEGISLATION IN PART BECAUSE IT INCLUDED FEDERAL STANDARDS ON WAGES FOR SUGAR WORKERS WHICH WOULD BRING BACKING FOR AGRICULTURAL LEGISLATION FROM THE LABOR LOBBY.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 MANILA 04216 02 OF 02 120605Z

13

ACTION AGR-20

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 TAR-02

/174 W

----- 054040

R 120453Z APR 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2641

INFO AMEMBASSY TAIPEI

AMEMBASSY SEOUL

UNCLAS SECTION 2 OF 2 MANILA 4216/2

E.O. 11652: N/A

TAGS: EAGR, RP, OVIP (BUTZ, EARL L.)

SUBJ: SECRETARY BUTZ VISIT TO PHILIPPINES

6. IN A MEETING WITH GOP FINANCE SECRETARY VIRATA, NEDA DIRECTOR GENERAL SICAT AND OTHERS, SEC. BUTZ SAID AT PRESENT P.L. 480 IS LIMITED TO PROGRAMS INVOLVING SECURITY AND HUMANITARIAN CONSIDERATIONS. HE DOUBTED THAT CCC FINANCING WAS MUCH OF AN ADVANTAGE AT PRESENT 9.5 AND 10.5 PER CENT RATES AND HOPED PRIVATE FINANCING WOULD BE RELIED UPON. SECRETARY VIRATA SAID THE PHILIPPINES EXPECTED TO RUN A \$300 MILLION DEFICIT IN ITS BALANCE OF PAYMENTS IN 1974 AND NOTED SUBSTANTIAL FOREIGN FINANCING HAD RECENTLY BEEN ARRANGED. HE DID NOT EMPHASIZE ANY NEED FOR CONTINUING CCC OR TITLE I FINANCING. THERE WAS AN INTERCHANGE OF VIEWS REGARDING DUTIES AND OTHER RESTRICTIONS ON IMPORTS INTO THE RESPECTIVE COUNTRIES. SEC. VIRATA SAID GOP MEASURES HAD BEEN TAKEN IN ACCORDANCE WITH IMF RECOMMENDATIONS AND BASIS SOCIO-ECONOMIC OBJECTIVES OF THE GOVERNMENT. THE LATTER WAS UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MANILA 04216 02 OF 02 120605Z

CITED AS JUSTIFICATION FOR THE MINIMUM 10 PERCENT DUTY LEVIED ON SUCH ESSENTIAL COMMODITY IMPORTS AS WHEAT AND COTTON.

7. AMBASSADOR SULLIVAN NOTED THAT PHILIPPINES HAS A VERY SUBSTANTIAL SURPLUS IN ITS BILATERAL BALANCE OF PAYMENTS WITH THE US. SEC. BUTZ EMPHASIZED IMPORTANCE OF ELIMINATING TRADE RESTRICTIONS AND CITED ADVANTAGES OF BROAD MULTILATERAL TRADE. IT WAS NOTED THAT PHILIPPINES AND US HAD MUTUAL INTEREST IN ELIMINATING RESTRICTIVE PRACTICES OF EEC REGARDING AGRICULTURAL IMPORTS. SICAT AGREED, EXPRESSING HOPE THAT YAOUNDE CONVENTION WILL BE TERMINATED AS PART OF MULTILATERAL TRADE NEGOTIATIONS.

8. FAS ADMINISTRATION HUME STATED THAT PRESENT HIGH EXPORT TAX ON COPRA IN RELATIONSHIP TO TAX ON COCONUT OIL WAS CREATING PROBLEMS FOR US COCONUT CRUSHING INDUSTRY. GOP OFFICIALS RESPONDED THAT QUESTION OF EXPORT TAXES ON COCONUT PRODUCTS NOW UNDER STUDY. VIRATA AND SICAT EMPHASIZED GOP POLICY OF ENCOURAGING INDUSTRIALIZATION THROUGH PROCESSING OF AGRICULTURAL EXPORT PRODUCTS AND NOTED THAT EXPORT TAXES WERE DOMESTIC POLICY MEASURE AIMED AT STABILIZING LOCAL PRICES. (FURTHER REPORT IN RESPONSE TO STATE 71832,

WHICH WAS BASIS OF HUME'S STATEMENT, WILL BE SENT  
SEPTTEL.)

9. IN MEETINGS WITH OFFICIALS OF THE GOP DEPARTMENT  
OF AGRICULTURE, THE UNIVERSITY OF THE PHILIPPINES AT  
LOS BANOS, AND THE INTERNATIONAL RICE RESEARCH INSTITUTE  
THERE, SEC. BUTZ EXPRESSED ADMIRATION FOR THE YOUNG,  
COMPETENT LEADERSHIP HE HAD FOUND IN AGRICULTURE IN THE  
PHILIPPINES. HE EMPHASIZED THE IMPORTANCE OF RESEARCH  
AND EDUCATION IN THE FIELD OF AGRICULTURE TO THE WORLD  
AND SAID THAT ANOTHER NOBEL PEACE PRIZE WINNER MIGHT  
VERY WELL COME FROM LOS BANOS.

10. EMBASSY CONSIDERS THAT VISIT OF SEC. BUTZ (WHO WAS  
FIRST CABINET MEMBER TO COME TO PHILIPPINES IN THREE  
YEARS) AND HIS PARTY WAS COMPLETELY SUCCESSFUL. WHILE  
NO COMMITMENTS WERE MADE TO INDICATE HOW MUCH OF A MARKET  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MANILA 04216 02 OF 02 120605Z

THE PHILIPPINES WILL BE FOR US AGRICULTURAL COMMODITIES  
IN THE FUTURE, THE VISIT, NEVERTHELESS, EMPHASIZED THAT  
THE US REALIZES THE IMPORTANCE OF THE PHILIPPINES AS A  
MARKET AND THE INTEREST OF THE US IN AGRICULTURAL  
DEVELOPMENT.  
SULLIVAN

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ITINERARY, ECONOMIC ASSISTANCE, PERSONNEL TRAVEL, DIPLOMATIC DISCUSSIONS, FOREIGN POLICY POSITION, TRADE AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974MANILA04216  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740084-1164  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740446/aaaabpbe.tel  
**Line Count:** 252  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION AGR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06 MAY 2002 by bryansd0>; APPROVED <20 DEC 2002 by shawdg>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SECRETARY BUTZ VISIT TO PHILIPPINES SUMMARY: SECRETARY BUTZ' CROWDED SCHEDULE IN PHILIPPINES  
**TAGS:** EAGR, OVIP, RP, US, (BUTZ, EARL L)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005